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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

April 29, 1993

EX PARTE

Donna R. Searcy
Secretary
Federal Communications Commission
Mail Stop 1170
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Dear Ms Searcy:

Re: *CC Docket No. 92-24 - Local Exchange Carrier Line Information Database*

On behalf of Pacific Bell, please find attached its written exparte presentation concerning general methodologies regarding Pacific's Incremental Cost Study for Traffic Sensitive Access. Please associate this material with the above-referenced proceeding.

Two copies of this notice were submitted to the Secretary of the FCC in accordance with Section 1.1206(a)(1) of the Commission's Rules.

Please stamp and return the provided copy to confirm your receipt. Please contact me

Pacific Bell

Ex Parte re CC Docket No. 92-24

April 29, 1993

General Methodologies re Pacific's Incremental Cost Study for Traffic Sensitive Access

The study used by Pacific Bell identified the incremental costs for two products: Feature Groups B and D. Each Feature Group's costs were grouped into the following cost elements:

- Local Switching
  - Originating
  - Terminating
  - By Set-up and Holding Time
- Local Transport
  - Tandem
  - Distance sensitive
  - Non-distance sensitive

These cost elements were aligned with their corresponding rate elements.

The Local Switching element contains the traffic sensitive local central office resources used to originate a call to, or terminate a call from an Interexchange Carrier (IEC). The Local Transport element contains the facilities from the local central office, through a tandem where appropriate, to an IEC's Point of Presence (POP).

An Incremental Cash Operating Expense model provided product investment and non-investment related incremental operating expenses to be spread into the above product cost elements. These costs are:

- Direct Recurring Operating Expenses
- Secondary Operating Expenses

Direct recurring operating expenses included were the maintenance and repair associated with switching, interoffice facilities, and tandem investment.

Secondary non-investment related expenses were identified by the Incremental Cash Operating Expense model and were placed in the Local Switching Set-up cost element.

Terminating non-distance sensitive Local Transport costs associated with both tandem and non-tandem terminated transport were also identified.

ILLUSTRATIVE EMBEDDED COST FACTORS

Different Mix of Plant:

The following information was extracted from Column N of Pacific Bell's 1991 ARMIS 43-04 Report. The interstate traffic sensitive costs[1] are shown as a percent of relevant investment categories.

Line	Category	Amount	Percent
	Investment:		
1004	General Support Facilities	438,779	27.4
1410	Central Office Equipment	1,049,663	66.1
1530	Cable and Wire	103,476	6.5
	Total T.S. Investment	1,601,918	100.0
	Costs:		
5013	GSF - Maintenance	37,999	
6020	GSF - Depreciation	29,837	
	Total GSF Costs	67,836	
	% Costs to Investment		15.5
5026	COE - Maintenance	53,806	
6030	COE - Depreciation	35,476	
6040	COE - Depreciatin	562	
6050	COE - Depreciation	61,867	
	Total COE Costs	97,907	
	% Costs to Investment		9.3
5076	C&W - Maintenance	4,406	
6070	C&W - Depreciation	5,618	
	Total C&W Costs	10,024	
	% Costs to Investment		9.7
	TOTAL TRAFFIC SENS. Costs	175,767	
	% Costs to Investment		11.0

1 For simplicity, only maintenance and depreciation costs are shown.

LIDB[1] INCREMENTAL COST FACTORS

COE Investment:

Pt 32 Account:	Amount	Percent
2212	804.6	31.2
2211	1,777.5	68.8
2232	.2	-
Total	2,582.3	100.0

Cost Factors:

2212		
	Maintenance	7.2
	Depreciation	6.6
	Total 2212	13.8
2211		
	Maintenance	5.2
	Depreciation	8.1
	Total 2211	13.3
2232		
	Maintenance	1.6
	Depreciation	8.5
	Total 2232	10.1

Weighted LIDB Cost Factors:

	(A) Investment %	(B) Total Cost Factor %	C=(AxB) Wt Cost Factor %
2212	31.2	13.8	4.3
2211	68.8	13.3	9.1
2232	-	10.1	-
TOTAL	100.0		13.5

1 For the Query rate element.

Comparative Summary of Cost Factors

		%
•	Embedded 1991 Traffic Senstive Costs to Investment	10.97
•	Embedded 1991 COE Costs to Investment	9.3
•	LIDB Costs to Investment	13.48

Note: Use of either the Traffic Sensitive or COE embedded cost relationships will understate incremental LIDB costs.

Only if a service were being offered which would use the identical proportionate share of traffic sensitive investment shown above, might it be acceptable to develop maintenance and